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SUBJECT: Land of a thousand hills is not always a land of a thousand opportunities

¶1. SUMMARY. Moses Turyazooka is one of the approximately 500,000 Rwandan refugees who grew up in Uganda and returned to Rwanda after the 1994 genocide. He is a well-educated and driven entrepreneur who was raised on diaspora ideology - a deep love for the country of Rwanda and a strong desire to return home and build the nation. Although he is frustrated by the challenges of doing business in the developing private sector of Rwanda, he nurtures his small business and hopes for a recovered economy and a more secure business environment. END SUMMARY.

¶2. Moses Turyazooka worked for the US Census Bureau, the World Bank, and the Rwandan Ministries of Finance and Commerce before embarking upon Rocket 2020. As he sees it, Rwanda is ripe with untapped business opportunities. The biggest obstacle Moses found, which is consistently reiterated by businessmen in Rwanda, is access to affordable capital. Even though Moses had well-paying jobs, sizeable bank accounts, and property, the local banks only offer 5-year loans at an 18% interest rate. Microfinance institutions in Rwanda typically do not lend beyond USD 2000, which is not sufficient for capital intensive businesses such as a factory or even a restaurant. The loans offered by microfinance institutions enable farmers to procure seeds and parents to meet school fees, but they do not enable the development of a vibrant private sector. As Moses explains, most emerging businesses would be able to manage a bank loan of 10%-12%, but the existing 18% is a true barrier to market entry.

¶3. Fortunately, Moses was able to present his business plan for Rocket 2020 to a group of American investors, Thousand Hills Venture Fund (THVF). THVF was formed in 2004, and focused exclusively on investment opportunities in Rwanda. THVF infused USD 400,000 into Rocket 2020 in exchange for a 96% equity share of the company. Rocket 2020 also pays a USD 800 monthly management fee to THVF. While Moses might appear to be little more than an employee of his own company, it was his only option launching his business. THVF will receive the lion share of any financial success of Rocket 2020, but their participation ensures that this business and these services are launched in Rwanda.

¶4. Rocket 2020 operates telecenters around Rwanda, offering communications and computer services in rural communities. Five telecenters are currently operational with 14 employees. Receipts will fund the establishment of another 24 telecenters over the next 24 months. Rocket 2020 is currently negotiating with various government ministries to become a portal for the government to distribute information, including results from the National Exam. However, Rocket 2020's goal is to expand beyond delivering services through their centers. Eventually, it would like to become a full eCommerce provider, building a warehouse in Kigali and enabling customers to use the telecenters to order goods that would not normally be available in the rural areas. Essentially, Rocket 2020 will provide the services of a Kinkos and an Amazon.com.

¶5. While relatively unique in his education and access to foreign

capital, Moses faces challenges that are representative of the entire private sector in Rwanda. Currently, the biggest challenge to Rocket 2020 is the availability of power. Electricity forms a significant portion of the business' operational costs and inconsistent and unreliable power threatens the very communication services that Rocket 2020 offers. The business is essentially shut down with every power outage, which Moses explains happens up to several hours each day.

¶6. As Rocket 2020 expands to becoming a central vehicle to distribute goods to the rural areas, its ability to quickly and easily import goods from abroad becomes essential. Unfortunately, the current customs procedures are complicated and time-consuming, as his goods sit in the customs warehouse for up to four weeks. While Moses commends the Rwandan government for its anti-corruption efforts, especially in official tenders, he is frustrated by the fact that those who are willing to help customs officials with anything from a drink to their children's school fees get their goods cleared faster and with less hassle.

¶7. In the end, Moses recognizes that his business prospects are better in Uganda, or elsewhere in the region. He complains about the troublesome access to capital, poor infrastructure, and petty corruption in customs offices. His business partner, THVF, has invested less than 50% of its raised capital because the cost of electricity, transport, and customs frustrations make it difficult to find a viable business which will earn a competitive rate of return (septel). While the GOR pursues a rigorous economic reform agenda, small businessmen struggle day to day. Business decisions are made based on the bottom line, and Moses' idealism will not last forever.

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